

From the Desk of the
Comptroller



In 2002, legislation was enacted to de-couple Maryland's estate tax exclusion from the amount set by the federal government, ultimately creating a significant

gap between the state's \$1 million exclusion and the federal exclusion, set at \$5 million and indexed for inflation (currently \$5.34 million).

Earlier this year, the General Assembly passed new legislation to gradually re-align Maryland with the federal amount, a change that will have a positive impact on the state's economy. Beginning in 2015, the state exclusion increases to \$1.5 million, and over the subsequent four years, it will increase incrementally until 2019, when it will again be tied to the federal estate tax exclusion.

I had advocated for Maryland to re-couple for years and commend the Governor and General Assembly for enacting this important legislative change. Consistency in the tax code is

critical and this will allow for more predictable estate and family financial planning.

Re-establishing parity with the federal exclusion rate isn't just good for those families it directly affects either. It means jobs that come with the entrepreneurs we can attract from other states and the homegrown businesses it should help retain. It means retaining many of our retirees, who are often bedrock philanthropists and volunteers in our communities who help sustain our nonprofit and civic organizations.

I look forward to this commonsense adjustment to the tax code taking effect in January. In the mean time, I offer best wishes to you and your families for a wonderful fall season.

Peter Franchot
Comptroller of Maryland

New for Tax Year 2014

Tax professionals and taxpayers should be aware of several changes for the upcoming tax season. These changes include:

Elimination of Form 503: Form 503 is no longer available. Resident individuals must file using Form 502.

Requirement to report capital gain or loss: If you received income from capital gains or losses, you must report that amount on line 1c of the Form 502. The capital gain or loss amount is taken from line 13 of the federal Form 1040. *Continued on Page 2*

Comptroller of Maryland Sponsors 40th Annual Federal & State Tax Institutes

As November nears, the Comptroller's Office will again sponsor the Federal & State Tax Institutes — celebrating its 40th year — at locations throughout the state.

This year's Federal & State Tax Institutes will be held on the following dates and locations:

- **November 6 — Easton, The Milestone**
- **November 13 — Frederick, Holiday Inn**
- **November 18 — Greenbelt, Martin's Crosswinds**
- **November 21 — Baltimore, Martin's West**


Federal & State Tax Institute brochures may be downloaded at www.marylandtaxes.com. No brochures will be mailed. The workshops explain new developments in federal and state tax law and other reporting requirements for tax preparers and practitioners. The series is sponsored by the Internal Revenue Service, the Comptroller of Maryland and the Maryland Society of Accountants.

Tax professionals may register by filling in the registration form online. Attendees should print and mail the form in with payment. Registrations will not be accepted by phone or by e-mail. Payment must accompany registration and no credit or debit cards are accepted.

When filling out the registration form, please write legibly

or use the fill-in feature provided. Again this year, the Comptroller of Maryland will send binder material by e-mail to the email address provided on your registration form.

For an additional cost of \$25, printed material will be provided. Please make sure to indicate on the registration form if you would like to purchase the binder.

As in previous years, attendees will be asked for PTIN numbers when picking up badges. The PTIN number and program information is needed to get credit for attending the institutes. There will be a total of up to eight CPE credits given for attending the institutes. CPAs can earn a maximum of eight credits while enrolled agents can earn a maximum of four (4) credits and Maryland individual tax preparers can earn a maximum of six (6) credits. Full-time attendance at all sessions is required to earn the maximum credits allowed. If you have any questions, please contact RADTAXINSTITUTE@comp.state.md.us or Benay O'Brien at 410-260-7468. 



The institutes include workshops for tax return preparers and practitioners and are offered at four Maryland locations in November 2014.


Continued from Page 1 **New Tax Changes for 2014**

Requirement to report taxable pension, IRA, and/or annuity income: If you received income from a pension, IRA and/or annuity that was subject to federal taxation, you must enter the total amount on the Form 502. The total of lines 15b and 16b from your federal Form 1040 or line 11b and 12b from your federal Form 1040A are entered on line 1d of the Form 502.

Addition of Earned Income Tax Credit limitation checkbox: If the amount of your investment income is more than \$3,350, you must check the box on line 1e, and you do NOT qualify for the earned income tax credit.

New subtraction modifications: There are three new subtraction modifications available. See Instruction 13 for more information.

Limits on itemized deductions: Maryland has recoupled with the federal 2014 itemized deduction threshold. See Instruction 14 for more information.

New business tax credits: There are two new business tax credits available. Find instructions to Form 500CR and more extensive information available at the Comptroller's website: www.marylandtaxes.com. 

“Let Summer Be Summer” Petition Drive Continues

Noting the benefits to Maryland families, small businesses, teachers and tourism, Comptroller Peter Franchot continues to collect signatures for his “Let Summer Be Summer” petition drive to require Maryland’s public schools throughout the state to start school after Labor Day.

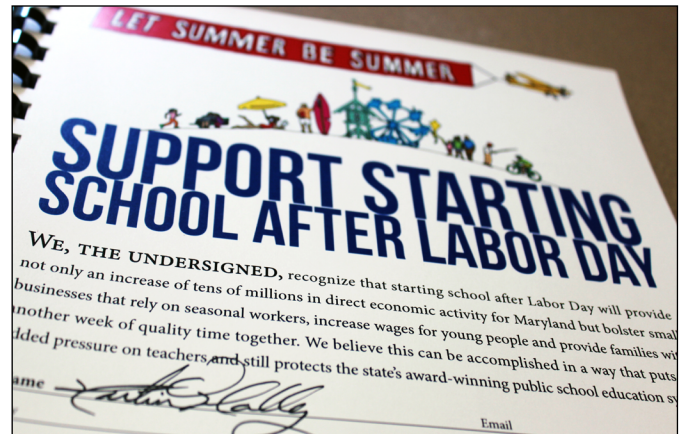
“Let Summer Be Summer” petitions are available at hotels, restaurants and local businesses across Maryland and have been available at public fairs and festivals. The petition also is available online at www.marylandtaxes.com.

In August, the Comptroller kicked off the petition drive with events in Ocean City and Deep Creek Lake in Western Maryland to collect 10,000 signatures in support of the campaign. At both locations, the Comptroller was joined by local families and small business owners, tourism officials and state and local legislators. The Comptroller plans to present the list of supporters to members of the Maryland General Assembly when they reconvene in January.

“The end-of-summer vacation no longer happens because of decisions to begin school a week, or even ten days, before Labor Day,” Comptroller Franchot said. “Busy families have so little time to spend together to build lifelong memories. This early start for schools not only cuts into one last chance to be together as a family, but it also negatively affects small businesses throughout our state. We all need to do what we can to support small businesses and promote economic activity.”

In late May, a governor’s task force recommended that the state’s public schools delay opening until after Labor Day -- a proposal that seeks to extend summer vacation for a week or more in many areas. The state task force, which met for nearly a year, voted 11 to 4 to embrace a later start date statewide.

“Starting school after Labor Day would have a



Governor Martin O'Malley recently signed the “Support Starting School After Labor Day” petition. An online version of the petition is also available at www.marylandtaxes.com.

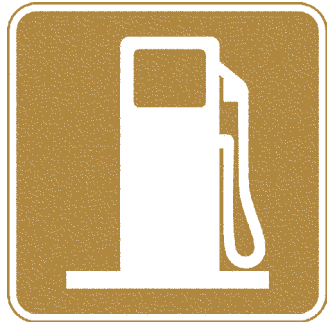
tremendous effect on the economy in Ocean City,” said Ocean City Mayor Richard W. Meehan. It would give visitors extra days at the ocean, with tourists staying at our local hotels and enjoying a great dinner at our fine restaurants while boosting the local economy at a time in late August and early September when they need it.”

Last August, Comptroller Franchot released an economic impact report conducted by the Bureau of Revenue Estimates on a post Labor Day start date for all Maryland public schools which found that a delayed school start in Maryland would result in an additional \$74.3 million in direct economic activity, including \$3.7 million in new wages and a separate \$7.7 million in state and local revenue.

The study also found that 8.5 percent of 514,680 affected families – those with school age children – would take either a new day trip or a new overnight trip to one of Maryland’s three top destinations – Baltimore City, Deep Creek Lake or Ocean City. Another 5.2 percent would take a new out-of-state day or overnight trip and the remaining families would devote at least one more day to a family recreational activity close to home. Earlier this year, Worcester County Public Schools voted to start school on Sept. 2, the day after Labor Day, which the Comptroller praised. 📷

Important Information for IFTA Licenses - State of Maryland Carriers

Processing procedures for International Fuel Tax Agreement (IFTA) tax returns will change in the third and fourth quarters of 2014.



The change is due to the closing of the shared Regional Processing Center (RPC) in New York that is now used to process Maryland IFTA returns.

The RPC will no longer accept Maryland IFTA returns as of November 24, 2014. Beginning on that date all Maryland IFTA returns should be mailed to our new address in Maryland:

**IFTA Returns Processing
PO Box 2171
Annapolis, MD 21404**

The new Maryland IFTA system, known as the Explore system, will use the latest encryption and security technologies to provide for full electronic filing of returns and payments through common web browsers to the State of Maryland.

To facilitate the transition, however, electronic filing will not be available starting November 1 through December 8, 2014. On December 9, 2014, anyone with Internet access and proper authorization will be able to file an IFTA return electronically through the new IFTA system.


Electronic filing of an IFTA returns:

- *Saves time. IFTA e-filing is the fastest way to file a return.*
- *Allows for immediate processing even if you wait until the due date to file.*

- *Does not require special software or hardware.*
- *Is FREE!*
- *Saves money, by eliminating postage and other mailing costs.*
- *Reduces errors, by automatically performing necessary computations.*
- *Reduces mail delays.*
- *Provides immediate confirmation that the agency received the return.*
- *Lets taxpayers print a copy of the electronic IFTA report.*

We urge all taxpayers to take advantage of electronic filing as the most convenient way to file your IFTA quarterly tax returns.

Maryland had joined forces with five other states to form an IFTA Processing Consortium (IPC) for development of the new state-of-the-art IFTA software. The Explore Software has been customized for each member of the newly formed IPC.

This new system is user-friendly and will provide more information including allowing taxpayers to have access to their accounts. Comptroller officials will be conducting classes throughout the state in order for carriers to be familiar with the new Maryland IFTA system. Stay tuned for more information. If you have any questions, please contact Taxpayer Services at 410-260-7980, or via email: MFT@comp.state.md.us 

*We urge all taxpayers
to take advantage of
electronic filing as the most
convenient way to file all
tax returns.*

CPAs for a Healthy Bay

Join CPAs for a healthy bay to increase your business AND show your clients you care.

As a seasoned tax professional, you are well aware of the tax check-offs available to your clients on the Maryland state income tax form. Line 35, the **Chesapeake Bay and Endangered Species Fund**, is a voluntary way for your clients to make a donation to protect the Chesapeake Bay and its wildlife. The dollars donated to the Bay Fund are split between the Chesapeake Bay Trust (CBT) and the Maryland Department of Natural Resources to help the Chesapeake Bay and conserve Maryland's wildlife.

While line 35 is an excellent opportunity for Marylanders to make a charitable donation, unfortunately only 1 percent of taxpayers actually make a contribution this way. Unfortunately, most taxpayers don't know what the fund is or where the money goes but officials from the Chesapeake Bay Trust hope that with the **CPAs for a Healthy Bay** program, the tide will turn.

What is **CPAs for a Healthy Bay**? This FREE program is designed to raise awareness for the **Chesapeake Bay and Endangered Species Fund** tax check-off. To date, more than 50 CPA and tax firms have signed up to participate and in return, the Chesapeake Bay Trust promotes those businesses as committed to Maryland's great natural resources.

CPAs for a Healthy Bay can help your business. Quite simply, customers want to do business with companies that care. Improving water quality and the Chesapeake Bay is the NUMBER ONE environmental concern of Marylanders. Recent research shows that 71 percent of Marylanders are "likely or very likely" to make a donation to the Bay Fund if they know about it and are reminded at tax time.

How you can participate in the FREE CPAs for a Healthy Bay Program:

1) Register at www.cbtrust.org or call 410-974-2941, ext. 107 and ask for a copy of the **CPAs for a Healthy Bay** brochure to be mailed to you. Or if you'd prefer, CBT can complete your registration over the phone. There is no cost to participate; this program is simply about raising awareness.


2) Once CBT receives your registration, signage and the number of requested inserts will be mailed to you (at no cost) to include in your tax preparation packets. Electronic inserts are available as well.

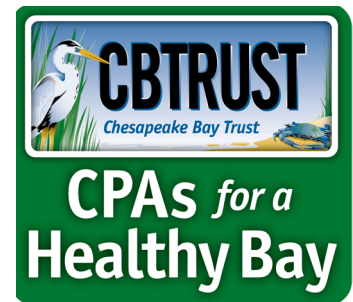
3) CBT asks that you communicate with clients and/or employees (through newsletters, company website, etc.) about the tax check-off and why these dollars are important to the community.

4) When you speak with clients, please mention the Bay Fund and ask if they would like to make a tax-deductible donation to help the Bay.

What you will get in return:

- Web promotion to tens of thousands of prospective customers through the Trust's website, with a direct link to your business.
- **CPAs for a Healthy Bay** logo that you can add to your website and printed materials, highlighting your social responsibility and commitment to the Chesapeake Bay.
- Recognition in newsletters which reach 20,000 people multiple times a month.
- Promotions via social media reaching more than 15,000 followers a day.
- Recognition at special events and through printed materials.
- FREE inserts and point-of-sale marketing collateral for your office highlighting the Bay Fund tax check-off and the benefits it provides local communities.

For more information and to get started as a **CPAs for a Healthy Bay**, visit www.cbtrust.org or email Molly Alton Mullins at mmullins@cbtrust.org. 



Since 1985, this program has funded \$40 million worth of environmental education, community engagement and bay restoration projects through grant programs and special initiatives. In 2013, these grants removed 553 tons of trash, planted 115,000 native trees and plants, and educated 97,000 students about the Bay. Today, the demand for grants exceeds available funds and leaves us unable to fund many worthwhile projects around the Chesapeake Bay watershed. Any donation no matter how big or small will have an impact.

Income Deduction 101: How to Maximize MD 529 Tax Benefits

Did you know the Maryland College Investment Plan (MCIP) and Maryland Prepaid College Trust (MPCT) are the only 529 plans that offer a state income deduction to Maryland taxpayers?

If your client is a Maryland taxpayer, there are several ways you can make this benefit work harder for them. Here's one example:

Open accounts in both plans

A person can deduct up to \$2,500 for each beneficiary in MCIP, and each account they hold in MPCT for their contributions in that tax year.

Have a spouse and other family members do the same
Each account holder is eligible for deductions, regardless of whether they are married or file taxes individually or jointly.

Open accounts for each child

Account holders and family members can earn additional deductions if they open and fund accounts in one or both plans for each child in their family.

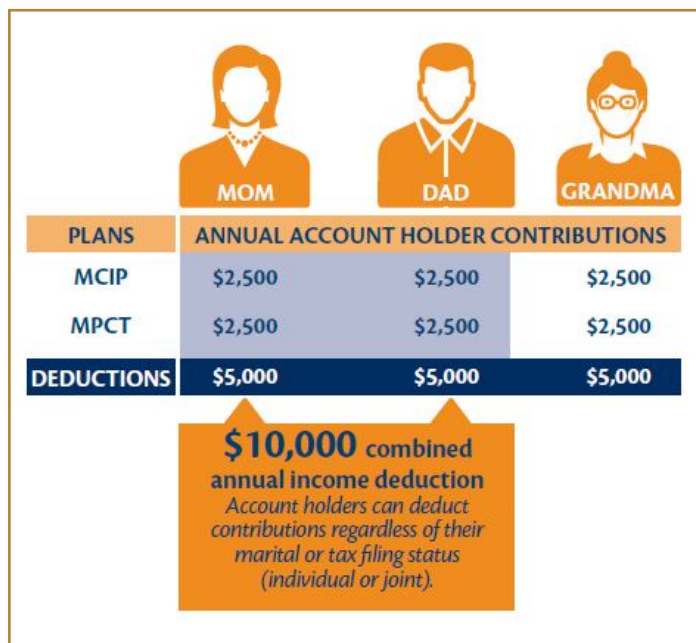
Open an account for an adult

Family members can each open an account for an adult in the Maryland College Investment Plan for additional Maryland income deductions.

Reinvest the tax savings into the child's future

The Comptroller's Office estimates that each \$2,500 deduction saves \$190 on state and local taxes.* Assuming

Contributions made into a single account over \$2,500 may be carried forward to future tax years.



The chart above explains the benefits for Maryland taxpayers in saving money through the Maryland College Investment Plan (MCIP) and Maryland Prepaid College Trust (MPCT). Through these programs, account holders can deduct contributions regardless of their marital status (individual or joint).

the account owner and spouse reinvest the money saved from four annual \$2,500 deductions—\$760—for 10 years at a 6% projected rate of return, they could have just over \$10,500 in additional savings!

Keep in mind, that contributions made into a single account over \$2,500 may be carried forward to future tax years. Visit the Comptroller's website for additional details about the income deduction and carrying over tax benefits.

Visit CollegeSavingsMD.org or call 888-4MD-GRAD (463-4723) to learn more. 

**This is a hypothetical scenario and the amount of savings from your income deduction may vary. **Assumes an investment in a tax-deferred vehicle with a 6% hypothetical rate of return compounded annually and a 0.20% annual program fee. This is for illustrative purposes and does not represent the return of any specific investment option. Investment returns in a college savings plan will vary and may be higher or lower than in this example.*

Taxpayer Support Boosts Maryland Cancer Fund

This tax season, Marylanders can join the cancer fight by making a quick checkmark when completing a state income tax form, according to the Department of Health and Mental Hygiene (DHMH).


The Maryland income tax form provides state residents the opportunity to donate to the **Maryland Cancer Fund** which in turn supports cancer prevention, early detection and treatment programs.

“Cancer is the second leading cause of death in Maryland,” said DHMH Secretary Joshua M. Sharfstein, M.D. “Giving to the Maryland Cancer Fund is a great way to help your community.”

To help, taxpayers can simply add a checkmark to the **Contribution to the Maryland Cancer Fund** (found on line 37 on form 502) on the Maryland tax form and list the amount that they wish to donate. This amount will be deducted from the individual’s tax refund or added to the individual’s tax payment. All donations are tax deductible

Tax pro-fessionals are encouraged to recommend the income tax check-off to clients.

The **Maryland Cancer Fund** provides funding for cancer prevention and early detection programs. The fund also provides monies for cancer treatment to cover the cost of diagnosis and treatment for low-income and uninsured Maryland residents.

The **Maryland Cancer Fund** has provided cancer screenings for more than 650 people and diagnosis and treatment for more than 175 people. For more information regarding the **Maryland Cancer Fund**, please visit http://phpa.dhmh.maryland.gov/cancer/SitePages/mcf_home.aspx or call 410-767-6213. 



The Maryland Cancer Fund offers cancer treatment grants for low-income Marylanders through the local health departments and primary/secondary grants to entities that provide cancer screenings and cancer prevention activities.

More Than \$2.5 Million Found In Unclaimed Property


Comptroller Peter Franchot recently announced that more than 2,200 people discovered more than \$2.5 million in unclaimed funds after visiting his agency’s booth at fairs and festivals across the state this summer. One visitor to the Maryland State Fair discovered an unexpected windfall of \$71,516.

Throughout the summer, Comptroller Franchot’s staff worked the unclaimed property booths at the African American Heritage Festival in Baltimore City, the Allegany County Fair, the Montgomery County Fair, the Prince George’s County Fair and the Anne Arundel County Fair as part of a state-wide initiative to help reunite Marylanders with money they are owed. Among those who found unclaimed property was a Montgomery County fairgoer, who was reunited with \$24,840.

“Each day, we vigorously work to find the owners of unclaimed property and to make sure they get what they

are owed,” Comptroller Franchot said. “In these challenging economic times, it is our job and our pleasure to return these funds to their rightful owners. This is our ongoing effort to serve the people of Maryland.”

So far, more than 12,500 people at the fairs and festivals mentioned made inquiries at the unclaimed property booths. The Comptroller’s staff also will participate in two events this Fall: the 50+ Expo on October 17 in Columbia, and the Senior Expo / Baby Boomer Expo on October 22 and 23 in Timonium.

The Comptroller encourages everyone to log onto his website, www.marylandtaxes.com, to search the agency’s complete record of unclaimed funds or at www.missingmoney.com. Additionally, taxpayers can call the office at 410-767-1700 in Central Maryland or toll-free at 1-800-782-7383 from elsewhere. 

Important Maryland Tax Phone Numbers

Taxpayer Service: Call **410-260-7980** from Central Maryland or **1-800-638-2937** from elsewhere.

Central Registration Unit: For help in completing the Combined Registration Application, call **410-260-7980** from Central Maryland or **1-800-638-2937** from elsewhere. You can also fax your completed application to **410-260-7908** or complete and file the application online at **www.marylandtaxes.com**.

Refund Unit, Compliance Division: For information about sales and use tax, admissions and amusement tax and tire fee refunds, call **410-767-1530**.

License Bureau, Investigative Services Unit: To determine if special licenses are required, call **410-260-6240** or toll-free **1-866-239-9359**. Send e-mail inquiries to **slb@comp.state.md.us**.

No Tax Due? If you have no tax due for the filing period, you may telefile your business tax return at **410-260-7225**. You can also file your business tax return electronically, using bFile.

Visit the agency's website www.marylandtaxes.com to:

file business taxes electronically, using bFile; pay existing income and business tax liabilities online, using BillPay; register business tax accounts online; verify sales tax exemption certificates online; and use other online services.

Revenews is a quarterly publication of the Comptroller of Maryland, printed in Annapolis, MD.

Inquiries concerning Revenews can be directed to:
Office of Communications
PO Box 466
Annapolis, MD 21404-0466
410-260-7300 (voice)
TTY users call via Maryland Relay at 711
or 1-800-735-2258

Executive Editor: Christine Feldmann
(cfeldmann@comp.state.md.us)

Content Writer/Editor: Barbara Sauers
(bsauers@comp.state.md.us)

Writer: Mike Souder
(msouder@comp.state.md.us)

Design/Layout: Deirdre Tanton
(dtanton@comp.state.md.us)

To subscribe online, visit **www.marylandtaxes.com** and click the Revenews link.

PERMIT #273
ANNAPOLIS, MD
PAID
STANDARD
U.S. POSTAGE
PRESORTED

REVENIEWS
Comptroller of Maryland
Goldstein Treasury Building
PO Box 466
Annapolis, MD 21404

Serving the People
COMPTROLLER OF MARYLAND

